

Message Text

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DRAFTED BY EUR/CE:BAFLATIN:LCB
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TREASURY:DEP.ASST.SECY:MJMARKS
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P R 282139Z SEP 73
FM SECSTATE WASHDC
TO AMEMBASSY BERN PRIORITY
INFO AMCONSUL ZURICH

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E.O. 11652: N/A
TAGS: EGEN, ETRD, SZ
SUBJECT: CURRENT STATUS OF THE BROWN-BOVERI CASE

1. ON SEPTEMBER 27, THE SWISS EMBASSY ASKED THE
DEPARTMENT ABOUT THE CURRENT STATUS OF THE BROWN-BOVERI
CASE. THE FOLLOWING INFORMATION WAS OBTAINED FROM THE
OFFICE OF TARIFF AND TRADE AFFAIRS OF THE TREASURY
DEPARTMENT AND PROVIDED TO THE SWISS:

A. TREASURY IS ENDEAVORING TO REACH AN EXPEDITIOUS
RULING ON THE AMOUNT OF THE DUMPING DUTIES TO BE
ASSESSED AGAINST BROWN-BOVERI, BUT CANNOT PREDICT
HOW MUCH LONGER THEIR INVESTIGATION WILL TAKE;

- -

B. THE US ANTI-DUMPING LAW DOES NOT PERMIT THE
NEGOTIATION OF AN IMMEDIATE TOKEN "FINE" AGAINST
BROWN-BOVERI IN ORDER TO END THIS MATTER QUICKLY
(THE SWISS HAD MADE AN INFORMAL SUGGESTION ALONG
THESE LINES RECENTLY); - -

2. THE SWISS REPLIED THAT THEY HAD ALREADY EXPLAINED
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TO THE TREASURY INVESTIGATORS THAT THIS LONG, DRAWN-OUT

INVESTIGATION HAS ALREADY COST BROWN-BOVERI ITS TRANSFORMER MARKET IN THE US, BECAUSE IT HAS BEEN IMPOSSIBLE TO ESTABLISH A SPECIFIC PRICE STRUCTURE WITHOUT A FINAL DECISION ON THE DUMPING CHARGE. THIS, IN TURN, HAS RESULTED IN THE

REDUCTION OF SOME PRODUCTIVE ACTIVITY AMONG THE FIRM'S PLANTS IN SWITZERLAND, COSTING SOME JOBS. IN THAT BROWN-BOVERI HAS ALREADY SUFFERED THIS LOSS -- AND, INDEED, HAS BEEN OUT OF THE US TRANSFORMER BUSINESS FOR SOME TIME NOW, THE FIRM FINDS IT DIFFICULT TO AWAIT WITH EQUANIMITY THE LONG-DELAYED IMPOSITION OF A "FINE" (I.E. DUMPING DUTIES) WHICH IT REGARDS AS UNJUST. KISSINGER

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